

City of Detroit

CITY COUNCIL

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ANNE MARIE LANGAN
DEPUTY DIRECTOR
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TO: Robert A. Bury, Director
Historical Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: April 29, 2008

RE: 2008-2009 Budget Analysis

24.

Attached is our budget analysis regarding your department's budget for the upcoming 2008-2009 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Norman White, Finance Department Director
Pamela Scales, Budget Department Director
Donna McAlister, Budget Department Team Leader
Kerwin Kimberly, Mayor's Office

Historical.doc

Detroit Historical Museum

FY 2008-2009 Budget Analysis by the Fiscal Division

Summary

In March 2006, the City entered into an agreement with the Detroit Historical Society (Society) to manage the operations of the Detroit Historical Museums, which include the Detroit Historical Museum, the Dossin Great Lakes Museum, and the Collections Resource Center at Historic Fort Wayne. Responsibility for the Historic Fort Wayne facility was transferred to the Recreation Department. The initial term of the agreement runs through June 30, 2020. Renewal of the agreement is for successive ten-year terms unless notice of termination is provided by either party at least one hundred eighty days before the date of renewal. Under the terms of the agreement, the City retains ownership of all the facilities, collections, artifacts, exhibits, office furnishings and other assets and is responsible for the expenses associated with their maintenance and upkeep. The Society will manage and operate the museums and will retain all revenues from the museums' operations.

The agreement stipulates that the City will provide an annual operating subsidy of \$500,000 to the Detroit Historical Society for the first three years of the agreement, fiscal years 2005-2006, 2006-2007, and 2007-2008. For all successive years of the agreement, pursuant to the City's budget process, the Society will approach the City with a request for an annual appropriation. In addition, the City agreed to grant the Society access to annually budgeted capital funds for the Museums and the Collections Resource Center.

The Mayor's Proposed 2008-2009 Budget includes \$17.7 million in funding for the Detroit Historical Museums, which is comprised of \$0.5 million subsidy for operation, and \$17.2 million from the voter authorized \$20.0 million in general obligation bonds for capital improvements. In addition, \$0.4 million is included in the Recreation Department's Appropriation 12141 for operation of Historic Fort Wayne. Attached are more details on Recreation's request for Historic Fort Wayne.

	Redbook	Filled	Mayor's	Over/(Under)
	Positions	Positions	Budget	Actual to
<u>Appropriation/Program</u>	<u>FY 2007-08</u>	<u>3/31/2008</u>	<u>Positions</u>	<u>07/08 Budget</u>
Historical (26):				
260010 Administration	0	0	0	0
260310 Maintenance	0	0	0	0
260320 Education & Interpretation	0	1	0	1
260330 Dossin Museum	0	0	0	0
260340 Fort Wayne Museum	0	0	0	0
00082 Main Museum & Admin.	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Significant Changes in Funding by Appropriation

Approp. Program

12162	Historical Operations	The Mayor's 2008-2009 Proposed Budget includes \$0.5 million operational subsidy. The subsidy is the same as in the current budget.
12653	Historical Capital (Bonds)	The Mayor's 2008-2009 Proposed Budget includes \$17.2 million for Capital Improvements. Of the \$17.2 million, \$16.7 million is for the expansion of the Detroit Historical Museum and \$0.5 million is for renovations and minor expansion of the Dossin Great Lakes Museum. In the current year, \$2.8 million is provided for capital improvements. Capital funding increased by \$14.4 million.

Historical (26)

Budgeted Professional and Contractual Services by Activity	FY 2007-08 Budget	FY 2008-09 Recommended	Increase (Decrease)
Main Museum & Administration	\$ -	\$ -	-
Total	\$ -	\$ -	-

Issues and Questions

1. The Society requested an operational subsidy of \$750,000, and the Budget Department recommends \$500,000, which is the same amount contributed by the City in the current year. Why does the Society need an additional \$250,000 for operations?
2. What will the Society do new in fiscal year 2008-2009 to become less financially dependent on the City?
3. How many people paid to visit the museums in fiscal years 2005-2006 and 2006-2007? Does the Historical Society expect to meet attendance goals in 2007-08?
4. How many paid admissions does the Society expect for fiscal year 2008-2009?
5. How many people attended the museums free in fiscal years 2005-2006 and 2006-2007, and to-date in the current year?
6. What is the major challenge or hurdle the Society and museums face today and in the foreseeable future?
7. Why does it appear there is one filled position on the City's payroll as of March 31, 2008 working in Historical?

Attachment

RECREATION (39)

HISTORIC FORT WAYNE ACTIVITY INFORMATION

ACTIVITY DESCRIPTION: HISTORIC FORT WAYNE

Historic Fort Wayne is composed of 88 acres containing 44 buildings. It is located at the southern end of Livernois on West Jefferson Avenue. It is the only remaining nineteenth century fort in Metro Detroit, one of only two in Michigan. Department staff are continually pursuing grants and capital dollars to renovate the site, and developing programming plans for the park.

GOALS:

1. Conduct historic, educational, recreational and cultural programming at the site.
2. Increase fund raising efforts for Fort renovations and to support programming.

MAJOR INITIATIVES FOR FY 2007-08:

- Improvements were made to Star Fort & Barracks, and to Building #114, thanks to funding from Wayne County Parks.
- Used Fort Wayne for public observation of the Freedom Festival Fireworks, for private rentals by families for picnics and reunions, and for a variety of group events.
- Coordinated continuing site improvements at the Fort by the 200+ Fort Coalition volunteers.
- Demolished the Fort's Post Hospital (Building 209), thanks to a grant from the US Army Corps of Engineers for \$206,865.

PLANNING FOR THE FUTURE FOR FY 2008-09, 2009-10 and BEYOND:

Early estimates for funding and implementing the Fort Wayne Master plan are \$35-\$50 Million over the next 5-10 years. The Department will seek State and Federal funds, and seek to leverage local contributions to make renovations and implement programming at the Fort, including military re-enactments based on historical events, flea markets, Native American Pow Wows, family and group cookouts, scouting events and reunions. Grant seeking plans include a major appropriation from the Wayne County Parks millage, and Save America's Treasures (National Park Service).

The Detroit Historic Society is planning to utilize Bond funds to construct an 18,000 square foot climate controlled warehouse to house, preserve and exhibit 250,000 City of Detroit artifacts. The Recreation Department will be given jurisdiction over vacated buildings at the Fort, which we will then lease out.

Our Department plans a variety of events and programs at Fort Wayne including historically based military enactments, commemorating Memorial Day and Civil War Day, as well as the Freedom Festival Fireworks observation, Detroit Historical Society Guild Flea Market, Native American Cultural Pow Wows, cookouts, picnics and family reunions.

RECREATION (39)

HISTORIC FORT WAYNE MEASURES AND TARGETS

Type of Performance Measure:	2005-06	2006-07	2007-08	2008-09
List of Measures	Actual	Actual	Projection	Target
Outputs: Units of Activity directed toward Goals				
# of events conducted at site	N/A	24	20	25
# of sources from which grant support requested	N/A	0	1	2
Activity Costs	N/A	\$274,395	\$327,912	\$376,879

CITY OF DETROIT
Recreation Department
Financial Detail by Appropriation and Organization

Historic Fort Wayne	2007-08 Redbook		2008-09 Dept Final Request		2008-09 Mayor's Budget Rec	
Historic Fort Wayne	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
APPROPRIATION ORGANIZATION						
12141 - Historic Fort Wayne						
395850 - Historic Fort Wayne	2	\$327,912	2	\$356,186	2	\$376,879
APPROPRIATION TOTAL	2	\$327,912	2	\$356,186	2	\$376,879
ACTIVITY TOTAL	2	\$327,912	2	\$356,186	2	\$376,879

CITY OF DETROIT
Budget Development for FY 2008-2009
Appropriations - Summary Objects

	2007-08	2008-09	2008-09
	Redbook	Dept Final	Mayor's
		Request	Budget Rec
AC3339 - Historic Fort Wayne			
<i>A39000 - Recreation</i>			
SALWAGESL - Salary & Wages	32,694	43,430	43,430
EMPBENESL - Employee Benefi	21,323	28,780	26,893
OPERSUPSL - Operating Supplie	500	10,000	10,000
OPERSVCSL - Operating Service	273,395	273,976	296,556
<i>A39000 - Recreation</i>	<i>327,912</i>	<i>356,186</i>	<i>376,879</i>
AC3339 - Historic Fort Wayne	327,912	356,186	376,879
Grand Total	327,912	356,186	376,879